

1 MICHAEL LEHNERS, ESQ.  
2 429 Marsh Ave.  
3 Reno, Nevada 89509  
4 Nevada Bar Number 003331  
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6 (775) 786-1695  
7 Attorney for Debtor

8 UNITES STATES BANKRUPTCY COURT

9 DISTRICT OF NEVADA

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10 IN RE:

CASE NO.: 14-51413-btb  
(Chapter 11)

11 SPEED TECHNOLOGIES, LLC,

HRG. DATE: \_\_\_\_\_

12 Debtor.

AND TIME: \_\_\_\_\_

13 \_\_\_\_\_/  
14  
15 **APPLICATION FOR AN ORDER**  
16 **AUTHORIZING EMPLOYMENT OF RICHARD G. HILL AS SPECIAL COUNSEL**

17 COMES NOW, the above-named Debtor by and through its attorney,  
18 Michael Lehnern, Esq., and applies to this court for an order authorizing the  
19 employment of Richard G. Hill as special counsel in the pending Chapter 11  
20 Bankruptcy proceedings.  
21

22 This application is made and based upon the pleadings on file herein and  
23 the following Memorandum of Points and Authorities.

24 **MEMORANDUM OF POINTS AND AUTHORITIES**

25 The above-entitled matter was commenced by the filing of a voluntary  
26 petition under Chapter 11, Title 11 of the United States Bankruptcy Code on  
27 August 19, 2014. Debtor and John Harrah entered into an agreement with  
28

1 Richard G. Hill, Esq., to represent both of them in three pending state court  
2 actions as follows: CNC Associates, Inc. vs. Speed Technologies, LLC., et al.,  
3 Second Judicial District Court Case NO.: CV14-01779, Hewes vs. Biachi  
4 Estates, LLC., et al., Second Judicial District Court Case No. CV14-01401 and  
5 Kisman vs. Speed Technologies, LLC., et al., Second Judicial District Court  
6 Case No.: CV13-01863. A copy of the contract is attached hereto as Exhibit  
7 "A". Debtor has agreed to pay Richard G. Hill at his hourly rates set forth in  
8 the agreement as well as to reimburse it for all costs incurred as a result of the  
9 representation of the Debtor in the pending State Court Action.  
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12 On August 13, 2014, John Harrah paid to counsel the sum of \$5,000.00  
13 on August 13, 2014. Counsel has billed against these funds on both of their  
14 behalf prior to the filing of the bankruptcy. Counsel and attorney hereby  
15 acknowledge that prior to Counsel being retained on August 13, 2014, debtor  
16 owned Counsel no money, however the \$5,000.00 has been applied to work  
17 done and that, as of the date of this application, he is owed the additional sum  
18 of \$3,448.00 for work done on the three above cases.  
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21 Counsel does not hold or represent any interest adverse to the estate in  
22 these proceedings and is a disinterested in party as defined in Title 11 of the  
23 United States Code. A copy of Counsel's Declaration is attached hereto as  
24 Exhibit "B".  
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26 While Mr. Hill may be owed money by the Debtor, he is still a  
27 disinterested party under Section 327(e)'s more relaxed standard. As stated by  
28 Stoumbos v. Kilimnik 988 F.2d(1949 (9th Cir. 1993), courts have held that,

1 where the trustee seeks to appoint counsel only as "special counsel" for a  
2 specific matter, there need only be no conflict between the trustee and  
3 counsel's creditor client with respect to the specific matter itself. In the case at  
4 bar, there is no conflict between Mr. Hill and creditors of this estate. This is  
5 especially true where Mr. Harrah paid Mr. Hill on behalf of Speed Technologies,  
6 LLC.

7 WHEREFORE, Debtor prays for an order authorizing employment of  
8 Richard Hill, Esq., as Special counsel of record with respect to the state court  
9 proceedings  
10

11 DATED this \_\_\_\_ day of September, 2014

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13  
14 MICHAEL LEHNERS, ESQ.  
15 429 Marsh Avenue  
16 Reno, NV 89509  
17 (775) 786-1695  
18 Attorney for Debtor  
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**EXHIBIT "A"**

TERMS OF REPRESENTATION  
ATTACHMENT

Unless otherwise provided in the engagement letter of even date, these terms and conditions will control our business relationship:

1. Fees. We take many factors into account in billing for services rendered. The principal factor is usually the schedule of hourly rates for our staff. Most charges for services are simply the product of the hours worked multiplied by the hourly rates for the attorneys and legal assistants who did the work. Time expended and tasks accomplished are itemized. Currently, our hourly rates are:

a) Richard G. Hill, Esq.	\$350.00 per hour
b) Sophie A. Karadanis, Esq.	\$200.00 per hour
c) Sherri Hill	\$165.00 per hour
d) Sally Gallagher	\$165.00 per hour
e) Karen Nielsen	\$150.00 per hour
f) Clerical staff	\$35.00 per hour (on special projects only)

Note: We review our rates annually and reserve the right, upon 60 days notice to you, to adjust our fees and charges. You agree to promptly review all bills that we submit, and you further agree that any billing disputes not raised within 30 days after you receive a bill from us are waived.

2. Costs Advanced. Often it is necessary for our office to incur expenses on your behalf for items such as filing fees, depositions, travel, lodging, meals, long-distance telephone calls, messengers, and ancillary services such as computerized research and necessary clerical staff overtime. All of these are billed to you at our actual cost, with the exception of copies (at 15¢ per page). (Note: These charges are also reviewed annually and may be adjusted based in relation to our cost.) Items in both of these categories are

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1 separately itemized on our statements as "Expenses." On occasion, when we foresee that  
 2 costs advanced on a matter may amount to a substantial sum, we reserve the right to ask  
 3 you to pay them directly or to fund them in advance. Also, we utilize computerized research  
 4 with Westlaw and other internet based services. We maintain a significant program with  
 5 them which we absorb as overhead. However, occasionally we incur specific charges on  
 6 specific cases which are billed to the client without markup. Finally, please understand that  
 7 it often takes a month or two for costs which we incur to actually make it to your bill, so  
 8 even if a matter is concluded, it may take additional time for all costs to be posted to your  
 9 account.

10 We primarily practice in the field of commercial and business litigation. These  
 11 cases are almost always based on a large array of documents and similar proof. Over the  
 12 years, we have found that judges and juries process that information best when they can  
 13 read it for themselves. Therefore, the ability to blow up and discuss images and documents  
 14 in court during a trial or hearing may be critical to our effective presentation of your case.  
 15 Accordingly, you should anticipate that we will need to have all (or at least most) of the  
 16 pertinent documents and photographs in your case (ours and theirs) scanned into an  
 17 electronic format. The cost to have it done is modest (i.e., 10¢ per page), and is a necessity  
 18 in today's world.

19 3. Late Payment. Our statements generally will be prepared and mailed shortly  
 20 after the close of the month in which services are rendered and costs advanced. We expect  
 21 payment within 15 days after the statement date. To be fair to those clients who pay their  
 22 statements promptly (by avoiding the higher fees that would reflect the added cost incurred  
 23 from carrying delinquent accounts), a monthly service charge will be added for late  
 24 payments. This service charge, assessed against all fees and costs which were previously  
 25 billed and remain unpaid 45 days after the date of the prior statement, is calculated at a rate  
 26 equal to 1% per month (12% APR) of the unpaid balance.

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1           4. Insurance. If you are insured for all or any portion of the costs of our  
 2 representation, we will cooperate with you in providing information to the carrier regarding  
 3 your claim, including sending to them, at your request, copies of our bills. Unfortunately,  
 4 insurance carriers frequently take the position, rightly or wrongly, that their particular  
 5 policy obligations do not require them to pay for the entire amount of attorneys' fees and  
 6 costs reasonably billed by your counsel. Moreover, insurance carriers frequently do not pay  
 7 the fees and costs of their insured's counsel on a current basis. For these reasons, our fees  
 8 and costs will be billed directly to you, and payment will be due from you on a current basis,  
 9 whether or not your carrier eventually reimburses you.

10           5. Funds Held in Trust. If we receive any funds or property from you or from  
 11 others to be held in trust for your account or benefit, we will deposit those funds into our  
 12 trust account, or otherwise segregate same. You agree that we are authorized to endorse  
 13 any checks received payable to you in settlement, or otherwise, for deposit into our trust  
 14 account. Money in our trust account does not earn interest for you, and we are not, under  
 15 any circumstances, liable to you for any interest on any money in our trust account. For  
 16 your information, we are participants in the State Bar of Nevada's IOLTA program,  
 17 pursuant to which, the interest on trust account monies is paid to the State Bar Association  
 18 of Nevada. They use those funds to compensate clients whose lawyers have wrongfully  
 19 taken their clients' money. The trust account is maintained at a federally insured  
 20 institution. Upon reasonable request, a full and complete accounting, including copies of  
 21 any canceled checks, will be provided. Monies deposited by you in our trust account will  
 22 be withdrawn in our discretion for application to fees and/or costs owed to us at the end of  
 23 the month when bills are sent out. All activity on your behalf will be reflected on our  
 24 monthly bills. You agree to review all bills promptly and advise us within 15 days of your  
 25 receipt of our bill of any issues regarding payments made from funds held in our trust  
 26 account.

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1           6. Termination. We do not presently foresee circumstances that would lead to  
 2 termination of our business relationship other than completion of all the tasks anticipated  
 3 on your behalf. However, Nevada law allows a client the right to terminate the representa-  
 4 tion by an attorney or law firm at any time. Subject to giving you reasonable notice to  
 5 arrange alternate counsel, we retain the same right to terminate representation. Please  
 6 understand, while the client must have faith in the lawyer, the lawyer must also have faith  
 7 that the client is cooperative and not using the lawyer's services to accomplish any improper  
 8 purposes.

9           Nevada law allows attorneys both a retaining lien and a charging lien as security  
 10 for payment. We both agree that should we withdraw as your counsel from a lawsuit, the  
 11 court in which your matter is pending will have jurisdiction to decide all fees and related  
 12 issues between us. At the termination of our representation, we will make your file  
 13 available for copying, with the costs to be split equally between us, provided your account  
 14 is otherwise paid in full.

15           7. Disputes. Nevada law will apply to any disputes between us, and all  
 16 proceedings (whether before a court or otherwise) will be filed and conducted exclusively  
 17 in Reno, Nevada. If a judgment is rendered or a settlement agreement is obtained in a  
 18 litigation matter in which we represent you, we reserve the right to perfect a lien on the  
 19 proceeds or other property recovered to the extent of any unpaid sums owed.

20           8. Subsequent Matters.

21           a) In the event that you ask us to represent you in other matters, then, unless  
 22 we agree otherwise in writing, these terms and the attached letter will continue to govern  
 23 those representations as well. Of course, each new engagement will be undertaken at our  
 24 then-prevailing hourly rates and may involve different personnel from our office. We will  
 25 always have the right to decline to represent you in new matters, or to condition our  
 26 acceptance upon your payment of a retainer, or other revised terms.

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1           b) In the event a judgment is recovered in your favor within the scope of our  
2 representation of you, the statutory renewal of that judgment (which will have a life of six  
3 years under Nevada law) will not be within the scope of this agreement and will require an  
4 additional agreement for services.

5           c) If, either during or after our representation of you in any matter, we are  
6 contacted by others related to the matter(s) on which we represented you, or are served  
7 with a subpoena, subpoena duces tecum, or other similar order, we will assert the attorney-  
8 client privilege on your behalf unless otherwise directed by you. You agree to pay  
9 reasonable compensation for all time spent (and costs advanced) in that process.

10           9. Integrated Agreement; Modifications. These terms and the attached letter are  
11 our entire agreement on the subjects addressed, and there are no other or additional  
12 understandings between us on those subjects, written or oral. Any modification or addition  
13 to this agreement must be made in a writing signed by the party adversely affected by the  
14 change.

15           10. Warranties. There are no promises of result. First, there are too many  
16 factors beyond our control. Second, decisions in legal matters are made by clients, judges  
17 and juries, not lawyers.

18           11. Associates. We reserve the right to delegate work to associates. This may  
19 include associate lawyers and/or interns appearing in cases in court on your behalf,  
20 provided we maintain professional responsibility for all work.

21           12. Tax Advice. There are typically tax consequences (both state and federal) to  
22 transactions and lawsuits. We do not give tax advice. Accordingly, you will need to consult  
23 with your own accountant or other tax advisors, and we have the right to presume that you  
24 have obtained all tax and accounting advice you deem appropriate.

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13. Risks of Litigation. You need to understand that whether you are a plaintiff or a defendant, there is a risk that you could suffer an adverse result, and even be held liable for the fees and costs of the other party or parties to any litigation. There are no guarantees of a favorable result.

RICHARD G. HILL, LTD.

DATED \_\_\_\_\_

By *[Signature]*  
 RICHARD G. HILL, ESQ.  
 SOPHIE A. KARADANIS, ESQ.

DATED Aug 19, 2014

*[Signature]*  
 John Harrah, individually

SPEED TECHNOLOGIES, LLC

Dated: Aug 19, 2014

By *[Signature]*  
 its pres.

MIDDLEFORK LIMITED PARTNERSHIP

Dated: Aug 19, 2014

By *[Signature]*  
 its pres.

SPEED TECHNOLOGIES LEASING, LLC

Dated: Aug 19, 2014

By *[Signature]*  
 its pres.

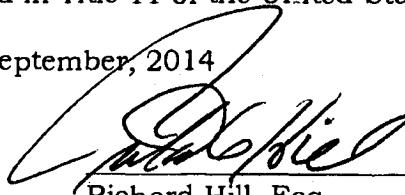
revised 3/17/14

**EXHIBIT "B"**

1 **DECLARATION OF COUNSEL IN SUPPORT OF APPLICATION TO EMPLOY**  
2 **ATTORNEY AS SPECIAL COUNSEL.**

3 I, Richard Hill, Esq. declare under penalty of perjury that the information  
4 contained in the application of employment by the bankruptcy estate is true  
5 and correct; that I am the professional to be employed in this matter; that I  
6 have no connections with the creditors or any other party in interest, their  
7 respective attorneys and accountants, the United States Trustee, or any person  
8 employed in the office of the United States Trustee and that I do not hold or  
9 represent any interest adverse to the estate in these proceedings and that I am  
10 a disinterested party as defined in Title 11 of the United States Code.  
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12  
13 DATED this 2<sup>nd</sup> day of September, 2014

14  
15   
16 Richard Hill, Esq.